

Texas Orthopedics Sports & Rehabilitation Associates



“You think you are being paid correctly, but when you get the data out on the table you find out you are not. It’s impossible to maintain this amount of information manually.”

*– Twyla Fuertes,
Chief Business Officer,
Texas Orthopedics
Sports & Rehabilitation
Associates*

THE ORGANIZATION: A 20-physician orthopedic surgery, sports medicine/rehabilitation, and occupational medicine practice based in Austin, Texas

THE CHALLENGES: Ensuring proper payment and managing complex contracts generating 10,000 claims monthly; improving collections of growing self-pay accounts

THE SOLUTIONS: MPV Contract Management verifies line-item contractually allowed claims amounts to identify and recover underpayments, and negotiate contract terms; MPV Patient Portion Pricer integrated with MPV Eligibility estimates patient liability based on latest eligibility and contract data, increasing time-of-service collections

THE RESULTS: 197% return on investment; systematic contract underpayments identified and eliminated; contract pay increases negotiated; up-front collections of patient deductibles and co-pays nears 100%

Texas Orthopedics reaps 197% ROI

‘Better contract management and increased patient collections bolster bottom line.’

Situation

Like many mid-size group practices over the past decade, Texas Orthopedics Sports & Rehabilitation Associates struggled to manage reimbursement governed by increasingly complex contracts. In an attempt to track and manage contract payments, the practice programmed its top 100 codes for its larger contracts into its practice management system. However, transaction volumes prevented loading all codes for all contracts, and the practice management system was not set up to apply contract rules. As a result, the practice often did not know when it was being paid according to contract and when it was not.

At the same time, the proportion of practice revenues due from patients rose with growing insurance deductibles and co-payments. Self-pay receivables climbed, along with the cost of carrying patient accounts and accurately verifying patient eligibility and insurance coverage.

Challenges

When payments received from payers didn’t match the practice management system’s allowables, practice staff had to manually determine why so that underpayments could be documented and appealed. Even when the system did flag a possible underpayment, it took a lot of work to produce enough information to successfully appeal claims, said Twyla A. Fuertes, Texas Orthopedics’ chief business officer. “We were able to maintain our big contracts pretty well, but it was time-consuming to do it manually.” The practice also found it difficult to analyze the impact of proposed fee schedule changes on revenues. “We needed something that could assist us in contract management.”

In addition, a lack of detailed contract, eligibility and benefits information made it difficult to accurately predict patient reimbursement. Without knowing what the payer would allow for a claim, it was impossible to accurately calculate a patient's financial responsibility and therefore ask for patient payment before or at the time of service. As a result, the practice focused on large deductibles only. "If someone had a \$2,000 deductible, we'd ask for \$1,000 upfront and put the rest on a payment plan," Fuertes said. "We collected up-front in about 30% of cases, and sometimes the patient never paid his remaining deductible and co-insurance."

Solutions

In 2001, Texas Orthopedics began discussions with MPV. "It took many meetings to get us on board, but once we realized what MPV could do for contract management, we were sold," Fuertes said.

In late 2001, the practice's contracts were loaded in MPV Contract Management. In the process, Fuertes and her staff uncovered many contracting issues. "Not all the information the insurance companies gave us about the contracts was correct."

Once the contracts were loaded and verified, the results were enlightening, Fuertes said. The ability to track payment errors across services and providers revealed significant underpayment issues. One major managed care plan was found to be paying 25% less than the contracted rate. "You think you are being paid correctly, but when you get the data out on the table you find out you are not," Fuertes said. "MPV Contract Management opened our eyes to a lot of contract issues – I never thought it would be as much as it turned out."

The fully loaded contracts from its payers also allowed Texas Orthopedics to tackle the patient balance problem. By leveraging MPV Patient Portion Pricer integrated with MPV Eligibility, the practice can easily value claims, which provides the foundation needed to calculate a patient's out-of-pocket obligations based on the latest eligibility and benefits data, payment rules and contract terms.

The practice now conducts more than 4,500 real-time eligibility checks through MPV per month. This information is then combined with the latest benefits information to determine a patient's financial responsibility. "MPV's integrated solution works great and provides the information we need to both validate eligibility and increase time-of-service collections," Fuertes said. "We use it every day, all day long."

With the ability to quickly and accurately calculate patient deductibles and co-pays in advance of surgeries, Texas Orthopedics adopted a policy of asking for the patient portion due at the last pre-surgery office appointment. Instead of offering payment plans, the practice refers patients to a financing company. "When they hear that, patients often find credit cards they didn't know they had in order to pay the estimated balance due," Fuertes said.

Results and Return on Investment

Fuertes calculates that Texas Orthopedics has generated a return on its investment in MPV of over 197 percent. “We have benefited at least that much in avoiding underpayments from payers updating their payment software in order to pay the correct allowables.”

The ability to test proposed fee schedule changes on a single contract review using real historical utilization data also enabled Texas Orthopedics to negotiate better rates. “We can now project exactly how payment changes are going to affect us,” Fuertes said. “Using this information, we renegotiated one major contract to yield 5 percent more revenues.”

Verifying eligibility and benefits in advance of a patient’s scheduled appointment not only decreases claim rejections and minimizes payment delays, but it also supports the creation of quick and accurate estimates. By collecting co-payments and deductibles from patients up-front, Texas Orthopedics increased average monthly cash collections by 45 percent in the first six months of use.

While some patients are surprised to find out how much they will owe out-of-pocket, most are happy to know the charges up-front, Fuertes said. “This gives them a chance to review it with their insurance companies and employers before they go forward.”

In the future, the practice hopes to eliminate the cost of carrying patient accounts—and the risk of non-payment after treatment.

MPV pays off at Texas Orthopedics

ROI, MPV: 197%

Increase in monthly patient cash collections, 45%

MPV Patient Portion Pricer integrated with MPV Eligibility

About MPV

MPV helps healthcare providers to maximize revenue and meet the demands of today’s challenging economic environment by combining technology and consultative services to fully automate eligibility and insurance verification; reduce patient write-offs; monitor payer contract compliance; recover underpayments; and negotiate better contracts.



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